

Message Text

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62

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SEC-01 TRSE-00 COME-00 PA-02

PRS-01 CIAE-00 INR-07 NSAE-00 OMB-01 L-03 /035 W

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R 271453Z AUG 76

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 8836

USIA WASHDC

INFO AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMCONSUL AMSTERDAM

UNCLAS THE HAGUE 4666

E.O. 11652: N/A

TAGS: EFIN, NL

SUBJ: EUROPEAN VISIT OF SEC CHAIRMAN HILLS

REF: (A) STATE 204345, (B) STATE 205333, (C) USIA 25207

CIRCULAR, (D) THE HAGUE 4362

1. SUMMARY: WE WELCOME PROPOSED VISIT AND BELIEVE IT WILL HELP TO ILLUSTRATE U.S. CONCERN FOR SURVIVAL OF COMPETITIVE, RESPONSIBLE INTERNATIONAL BUSINESS COMMUNITY. WHILE VISIT MAY STIR UP INTEREST IN SEC INVOLVEMENT IN LOCKHEED AFFAIR, IT WILL ALSO PROVIDE USEFUL OPPORTUNITY TO PUT SEC AND USG ROLES IN PERSPECTIVE. OUR SUGGESTED PROGRAM CAN BE EASILY ADJUSTED TO

WISHES OF CHAIRMAN HILLS. WE WOULD WELCOME EARLY RECEIPT OF PROPOSED ITINERARY (EMBASSY'S AUDITORIUM IS ALREADY COMMITTED FOR COMMERCIAL OFFICERS CONFERENCE DURING WEEK OF OCTOBER 18). EMBASSY'S FINANCIAL REPORTING OFFICER, J. SCOTT MONIER, WILL SERVE AS CONTROL OFFICER. END SUMMARY.

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2. RESPONSES TO REF (A) PARAGRAPH 3, E. CHAIRMAN OR PRESIDENT

OF AMSTERDAM STOCK EXCHANGE AND VEREENINGING VOOR DEN EFFEC-
TENHANDEL AS WELL AS OF THE MINISTRY OF FINANCE'S COMMITTEE
FOR ADVICE ON STOCK EXCHANGE AFFAIRS IS ONE AND THE SAME
PERSON J. PH. KORTHALS ALTES.

AMSTERDAM STOCK EXCHANGE IS IN PROCESS OF PREPARING SUGGESTED LIST OF
INDIVIDUALS AND POSSIBLE PROGRAM. ALTHOUGH MANY SENIOR OFFICIALS
IN MINISTRY OF FINANCE AND NEDERLANDSCHE BANK WILL BE IN MANILA
FOR IMF-IBRD MEETINGS (REF (D)), MINISTRY OF FINANCE DIRECTOR
FOR INTERNAL FINANCE DRS.B.F. BARON VAN ITTERSUM AND CHIEF
OF BUREAU OF EXCHANGE AND SECURITY ENTITIES MR. E.E. CANNEMAN
WOULD WELCOME OPPORTUNITY TO MEET WITH CHAIRMAN HILLS.

3. RESPONSES TO QUERIES RAISED IN REF (B) ARE KEYED TO
ITS SPECIFIC PARAGRAPHS AND ALSO COVER PARA 5 OF REF (C):

--PARA 2) PUBLIC STATEMENTS REGARDING CHARGES THAT LOCKHEED MAY
HAVE BRIBED CROWN PRINCE BERNHARD HAVE SOMETIMES REFERRED TO SEC
ROLE IN LOCKHEED CASE. REPORT OF DONNER COMMISSION, CREATED
BY GON TO INVESTIGATE THESE CHARGES, HAS NOW BEEN RELEASED
TO PARLIAMENT. IT SEEMS LIKELY THAT PUBLIC INTEREST MAY CON-
TINUE AND DEPARTMENT MAY WISH TO BRIEF SEC ON EMBASSY REPORTING
ON THIS TENDENTIOUS POLITICAL SUBJECT.

--PARA 3) THTER HAVE BEEN NO RECENT SIGNIFICANT PUBLIC STATEMENTS
ON ACTIVITIES OF U.S. SECURITIES, BROKERAGE OR UNDERWRITING FIRMS
IN NETHERLANDS.

--PARA 4) EMBASSY AND AMCONGENS AMSTERDAM AND ROTTERDAM HAVE
NOT BEEN APPROACHED BY U.S. SECURITIES , BROKERAGE, OR UNDER-
WRITING FIRMS ACTIVE IN NETHERLANDS WITH COMPLAINTS ABOUT THEIR
RECEPTION OF TREATMENT BY GON. FOR EXAMPLE, THEY ARE ALLOWED TO
TRADE IN LOCAL SECURITIES, IN MOST CASES BY CHOICE, THROUGH BANKS;
THEY GENERALLY DEAL THROUGH BANKS: THEY DO RECEIVE DISCOUNTS
FROM LOCAL BROKERS: THEY ARE FREELY ADMITTED TO UNDERWRITING
SYNDICATES; THEY DO NOT HAVE DIFFICULTY IN OBTAINING WORK PERMITS
AND IN ESTABLISHING LOCAL OFFICES: SINCE THEY GENERALLY DEAL INDOLLARS,

THEY HAVE NOT SOUGHT TO OBTAIN LICENSES TO DEAL IN FOREIGN
EXCHANGE; THEY ARE NOT INHIBITED BY CREDIT ALLOCATIONS;
AS IS NORMAL PRACTICE THEY CONTINUALLY SEEK TO NEGOTIATE LOWER
TAX ASSESSMENTS; THEY PREFER TO OPERATE (APPARENTLY QUITE
SUCCESSFULLY) THROUGH BANKS RATHER THAN TO ACQUIRE MEMBERSHIP ON
STOCK EXCHANGE.

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-- PARA 5) ANY IMPEDIMENTS APPEAR TO RELATE MAINLY TO LOCAL
LAWS AND REGULATIONS WHICH GENERALLY ARE APPLIED EQUALLY.

4. RESPONSE TO REF (C), PARA 3- WE WOULD SUGGEST CORPORATE
MORALITY SEMINAR IN EMBASSY. AUDITORIUM FOR SELECT GROUP OF 50
5 TO 60, INCLUDING AMERICAN AND DUTCH BUSINESSMEN AND BANKERS,
GON OFFICIALS, AND PERHAPS FINANCIAL PRESS REPS. CHAIRMAN HILLS
MIGHT ADDRESS SUBJECT GENERALLY FOR 20 TO 30 MINUTES FOLLOWED BY

30 MINUTE DISCUSSION PERIOD AND THEN INFORMAL RECEPTION.

5. RESPONSE TO REF (C), PARA 4 - WE WOULD SUGGEST PRESS CONFERENCE WITH FOUR OR FIVE REPS OF FINANCIAL AND COMMERCIAL PRESS. REPORTERS PROBABLY WOULD BE MOST INTERESTED IN LOCKHEED AFFAIR, HOW TO CONTROL MULTINATIONAL BEHAVIOR, AND PROPER ROLE OF MULTINATIONALS IN TRADE AND TRANSFER OF KNOW-HOW AND RESOURCES TO LDC'S.

BROWN

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